

Jeanne Mathis, AIC
Account Director
Claim and Legal Management Services



July 6, 1997

Mr. Michael David Lichtenstein, Esq.
Lowenstein Sandler P. C.
65 Livingston Avenue
Roseland, NJ 07068-1791

Re: Your Client: **Group R Co., Inc.**
Our Account: **MARMON HOLDINGS**
Site: Coeur d'Alene Basin, Northern Idaho
Insurer: First State
Insured: The Marmon Group
Policies: 024822 02/01/79-08/01/79
927865 08/01/79-08/01/80
929740 08/01/80-02/01/82
931916 02/01/82-10/01/82
931917 02/01/82-10/01/82
EU000655 10/01/84-10/01/85

Dear Mr. Lichtenstein:

We acknowledge your letter dated October 31, 1997 advising us of a potential claim against Group R Co., Inc., successor by merger to Golconda Corporation for environmental claims arising out of the mining region of Northern Idaho. Your letter indicates the Marmon Group's First State policies may be implicated through various mergers and name changes which ultimately resulted in the Marmon Group holding 85% interest in Golconda.

The Claim and Legal Management Services of The Hartford Financial Services Group, Inc. handles all environmental claims made against policies issued by First State Insurance Company. I will be responding to you on their behalf. Please forward any additional correspondence to:

Jeanne Mathis
Account Director
Claim and Legal Management Services
Hartford Plaza, T-6
Hartford, CT 06115



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Hartford Plaza
Hartford, CT 06115
860 547 5000

LS 003750

We have confirmed the existence of the above listed policies but have not yet reviewed them for coverage applicability. All of the policies are excess policies attaching at various points ranging from \$1 million underlying to \$298 million underlying coverage.

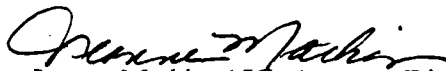
As we understand the matter, the United States of America filed suit in the U.S.D.C. for the District of Idaho, case number CV 96-0122-N-EL against ASARCO, Inc., Government Gulch Mining Company, Inc., HECLA Mining Company, Inc., Sunshine Mining Company, Inc., Precious Metals, Inc., Coeur d'Alene Mines Corporation and Callahan Mining Corporation. The government later sought to amend the complaint to add Group R and other defendants, but that request was denied by the court, and you so notified us of this development May 27, 1998.

Although the policies are not implicated at this time, should any of the policies be implicated in the future as potentially being exposed for this matter, please notify us immediately.

Should you have any questions or wish to discuss this matter at any time, please feel free to contact me at (860) 547-8775.

Thank you.

Sincerely,


Jeanne Mathis, AIC, Account Director
Claim and Legal Management Services

JM/s